

September 30, 2019

# iAnthus

## **iAnthus Announces \$100 Million Financing Plan to Fully Build Out Existing Markets**

**Closes Initial Tranche of Plan with Gotham Green Partners for \$20 Million Senior Secured Convertible Notes**

**Management Conference Call Scheduled for Monday September 30, 2019, 8:30AM ET**

NEW YORK and TORONTO, Sept. 30, 2019 /PRNewswire/ -[iAnthus Capital Holdings, Inc.](#) ("iAnthus" or the "Company") (CSE: IAN, OTCQX: ITHUF), which owns, operates, and partners with best-in-class regulated cannabis operations across the United States, is pleased to announce that Gotham Green Partners ("GGP") has invested an additional \$20.0 million through the purchase of senior secured convertible notes from iAnthus. GGP's investment is part of a broader \$100.0 million financing plan to support the buildout of all existing markets in which the Company currently operates.

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"We are pleased to be working with a leading financial investor in the U.S. cannabis sector. The new notes will allow us to build out operations in our key markets and continue to develop our retail and product brands," said Hadley Ford, CEO of iAnthus. "We believe this level of support from GGP will fully fund the development of our existing assets and provide the necessary capital for iAnthus to achieve positive and sustainable EBITDA and operational free cash flow in 2020."

"We have viewed iAnthus as a key partner since our initial investment in May 2018 and have closely watched the Company's evolution as it has continued to execute on its operational strategy across multiple markets. The Company has made significant strides in broadening and operationalizing its footprint, which we do not believe is reflected in the Company's current trading price," said Jason Adler, Managing Member of Gotham Green Partners. "We look forward to working alongside iAnthus and continuing to support the growth of the Company."

Regarding the operational progress of the Company over the last 16 months, Chief Operating Officer Pat Tiernan said, "Our business has never been stronger. We currently have 27 open dispensaries, 11 of which have opened in the last ten months. We are working aggressively to open another 12 in the next six months. We are growing in each of our markets and are one of the only MSOs that has meaningful revenue in multiple states, including Arizona, Colorado, Florida, Maryland, Massachusetts and Nevada, with strong same-store sales growth across our footprint. Pro forma for our pending Sierra Well

acquisition, we are generating in excess of \$10 million of reported and managed revenue per month, with a rational cost structure that has us well-positioned for future success."

The notes have been issued by iAnthus Capital Management, LLC, the Company's wholly owned subsidiary, have an annual coupon of 13%, payable quarterly, will mature on May 14, 2021, subject to the iAnthus' right to extend the maturity date by twelve months, and are exchangeable into common shares of the Company ("common shares") at a conversion price of \$1.89, which represents a 25% premium to the closing price of the common shares on Friday, September 27, 2019. The notes are being issued with \$10 million of attached three-year warrants with an exercise price of \$1.97. Any additional notes will have substantially the same terms, including conversion price and warrant coverage, subject to compliance with the policies of the CSE. The note purchase agreement provides GGP the right to purchase additional notes of up to \$66.5 million for a total of \$86.5 million. The Company may obtain an additional \$13.5 million from potential financing sources, including GGP or others, to fulfill its \$100.0 million plan, with any such additional financing subject to the negotiation of pricing, terms and conditions in the context of the market.

### **Conference Call Details**

The Company will hold a conference call for financial analysts and investors at 8:30a.m. ET on September 30, 2019 to discuss the financing and the Company's recent operational progress. The call will be archived and available on iAnthus' website for replay. Please visit <https://www.ianthus.com/investors> to access the archived conference call.

**Dial-In Number:** (888) 231-8191 or international: (647) 427-7450

A replay of the call will be available for 7 days by dialing: (855) 859-2056 and entering password 9266448.

The issuance of the notes and any issuance of additional notes are "related party transactions" as defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") since GGP is a "related party" (as defined in MI 61-101) of the Company. Since the Company is listed on the CSE and has determined that the fair market value of the transactions do not exceed 25% of the Company's market capitalization, the Company is relying on the exemptions from the formal valuation requirement provided by sections 5.5(a) and 5.5(b) of MI 61-101 and is relying on the exemption from the minority approval requirement provided section 5.7(a) of MI 61-101.

The Company's board of directors has unanimously approved the transactions after considering available alternative sources of financing. The Company did not file a material change report 21 days prior to today's closing as the structure of the transaction and details of the participation of GGP had not been confirmed at that time.

### **About iAnthus**

iAnthus owns and operates best-in-class licensed cannabis cultivation, processing and dispensary facilities throughout the United States, providing investors diversified exposure to the U.S. regulated cannabis industry. Founded by entrepreneurs with decades of experience in operations, investment banking, corporate finance, law and health care services, iAnthus provides a unique combination of capital and hands-on operating and management

expertise. iAnthus currently has operations in 11 states, including 27 dispensaries (FL-9, AZ-4, MA-1, MD-3, NY-2, CO-1, VT-1 and NM-6 where iAnthus has minority ownership). For more information, visit [www.iAnthus.com](http://www.iAnthus.com).

## **Forward Looking Statements**

Statements in this news release that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed here and elsewhere in iAnthus' periodic filings with Canadian securities regulators. When used in this news release, words such as "will, could, plan, estimate, expect, intend, may, potential, believe, should, our vision" and similar expressions, are forward-looking statements.

Forward-looking statements may include, without limitation, statements relating to the Company's future financial performance, business development, and results of operations, as well as its expectations with respect to its financing plans. Statements regarding the issuance of the Notes and warrants related transactions, entry into the definitive documentation with respect thereto and the use of proceeds therefrom contain forward-looking statements.

Readers should not place undue reliance on forward-looking statements as such forward-looking statements are inherently uncertain, and shareholders and other potential investors must recognize that actual results may differ materially from the Company's expectations as a result of a variety of factors. Such forward-looking statements are based upon management's current expectations and include known and unknown risks, uncertainties and other factors, many of which the Company is unable to predict or control, that may cause the Company's actual results, performance, or plans to differ materially from any future results, performance or plans expressed or implied by such forward-looking statements. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information are the following: the ability of iAnthus to close and fund any further incremental offering of the additional notes or any tranche thereof; the ability of iAnthus to develop its brand and meet its growth objectives, the ability of iAnthus to complete planned expansion and build out of retail locations, the ability of iAnthus to obtain and/or maintain licenses to operate in the jurisdictions in which it operates or in which it expects or plans to operate; changes in general economic, business and political conditions, including changes in the financial markets; and in particular the ability of the Company to raise debt and equity capital in the amounts and at the costs that it expects; adverse changes in the public perception of cannabis; decreases in the prevailing prices for cannabis and cannabis products in the markets that the Company operates in; adverse changes in applicable laws; or adverse changes in the application or enforcement of current laws, including those related to taxation; the inability to locate and acquire suitable companies, properties and assets necessary to execute on the Company's business plans; and increasing costs of compliance with extensive government regulation.

The forward-looking statements in this news release are made as of the date of this release. iAnthus disclaims any intention or obligation to update or revise such information, except as required by applicable law, and iAnthus does not assume any liability for disclosure relating to any other company mentioned herein.

**The Canadian Securities Exchange has not reviewed, approved or disapproved the content of this news release.**

*This news release does not constitute an offer to sell or a solicitation of an offer to sell any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.*

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